

MODEL OPTION

Single Supplier Traditional TMC

APPENDIX G – OPTION 2 View

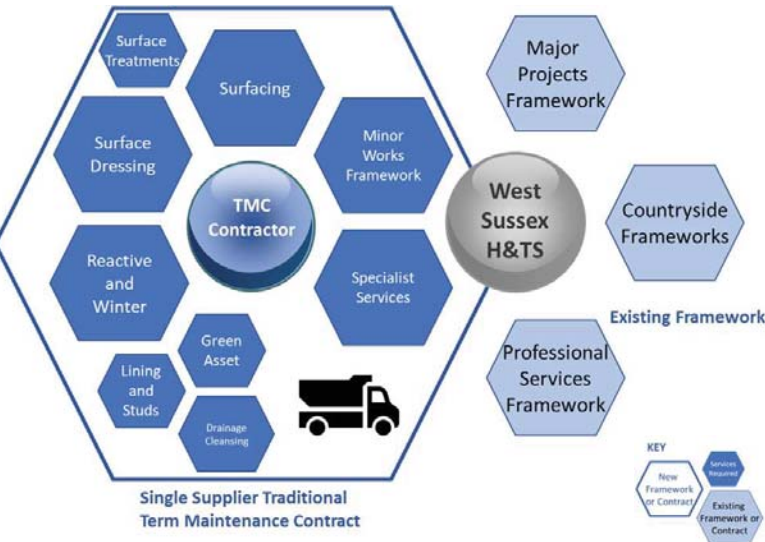
DESCRIPTION

Similar to existing arrangement delivering reactive, routine and planned highway maintenance works. Delivered through a single provider under a traditional contract such as NEC3 TSC HMEP. Usually reliant on Supply Chain partners with +60% delivered by SCP. Traditional scope of services reliant on Annual Plan and programming Generally good Health & Safety and engaged workforce TMC contracts develop a strong sense of identity over time which is clearly understood by customers, resident and stakeholders.

APPRAISAL SUMMARY

Overall Rank in Options = 2nd
 Overall Appraisal Score = 3.5
 Best aligned to WSCC Experiential Statements
 Tried and Tested approach with no change required for WSCC
 Delivers both Rev / Cap work

TYPICAL CONTRACT MODEL LAYOUT



COMMERCIALS

Optimum Size	£7m to £17m
Maximum size	£35m
Typical Fee / OH	6-8 % / 6-12%
Savings Potential	£1m p.a.

PROCUREMENT OPTION

Open Restricted or Negotiation
 2-stage process (SSQ / ITPN)
 12 months to award from PIN
 3-6 months mobilisation required

Top 4 KEY RISKS

1. Relationships
2. Commercials (fee/fee)
3. Asset Management
4. Programme / Budget

OPPORTUNITIES

Doesn't require additional top-up frameworks
 Longer term arrangement (can be shorter)
 Delivers strong Social Value benefits
 Single provider relationship is very collaborative
 Contract size can be upto £35m
 Single performance regime
 Efficiency Savings achievable through service scope
 Strong identity understood by Customers
 Optimum duration 5-7yr with optional 1+1+1yr exts

WEAKNESSES

Potentially wrong relationship locked-in
 Budget reduction can influence fee/overhead
 Can lack Innovation and Continual Improvement
 Normally longer term (ie +7yrs) to capitalise costs
 Limited supply chain engagement
 Transparency of fee and overhead
 "Cosy" relationships can develop with time
 Difficult to avoid man-marking
 Sometimes provider scope is limited (ie no new)

APPENDIX G - Option2View

MARKET INSIGHT

Well understood by Industry
 Scope of services are important
 Need options to increase scope
 Simple performance framework
 Volume of contract drives OH/Fee
 Longer term +7yrs preferred.

WSCC MATURITY

TMC can mask Client deficiencies
 Requires good programming and forward planning of budgets
 Asset Management responsibilities can often be left to the Contractor
 Requires strong contract management and leadership
 Consider integrated delivery teams

MODEL OPTION

Mixed Economy Single Provider Frameworks

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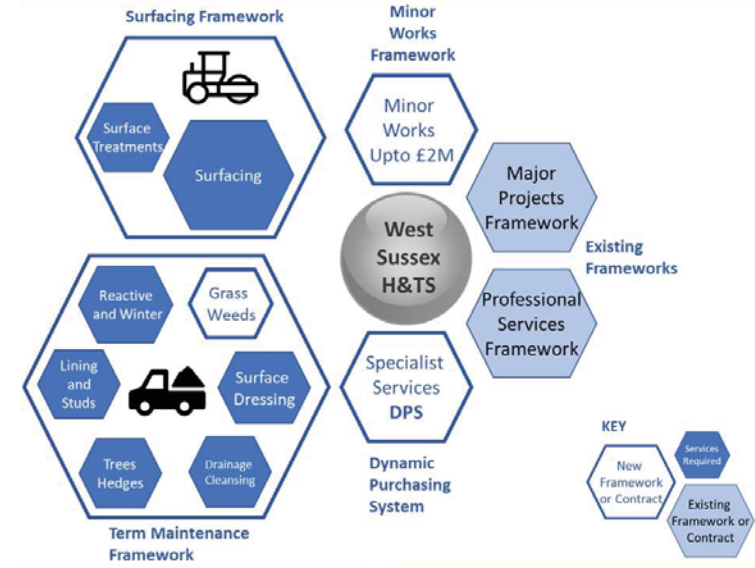
DESCRIPTION

Broad framework of single suppliers delivering specific service areas. Each service area would be a Lot which is aggregated by value and delivery tailored to market availability. Multiple variants can be introduced and Lots can be different durations to test market on a regular basis if required. Relies on a strong supply chain community sharing best practice and innovation, but heavily dependent of the Client team creating the framework conditions.

APPRAISAL SUMMARY

Overall Rank in Options = 1st
 Overall Appraisal Score = 3.59
 Aligns well to all WSCC objectives
 Variant is multi-supplier.
 Requires detailed construct.
 Revenue / Capital delivery.

TYPICAL CONTRACT MODEL LAYOUT



COMMERCIALS

Optimum Size	£1m to £7m+
Maximum size	£20m+
Typical Fee	12 < 15 %
Typical Overhead	0 < 3 %

PROCUREMENT OPTION

Open Restricted.
 2-stage process (SSQ / ITT / Mini).
 3 months to award from PIN.
 Little if any mobilisation required.

Top 4 KEY RISKS

1. Establishing Community
2. Pricing / Mini-bids
3. Quality and Performance
4. Resource and Capacity

OPPORTUNITIES

Greater Budget and Programming Control for WSCC.
 Wide and varied scope available.
 Short to Long term options for each Service area.
 Value for Money tested regularly.
 Competitive relationships and pricing (SoR).
 For Capital – little or no Corporate OH.
 Access to wide supply chain and expertise (DPS).
 Innovation and Continual Improvement.

WEAKNESSES

Consistency and Quality can be varied.
 Lack of Standardisation across suppliers.
 Requires strong Client contract management.
 Lack of single integrated system.
 Loss of individual brand identity for customer.
 Silo-approach can develop.
 Different business drivers from each supplier.
 Mini-bids can be resource hungry.

MARKET INSIGHT

Facilitates local supply chain.
 Direct access to Client.
 Services areas need to be grouped.
 No-mini competitions.
 DPS allows SME's and Micro access.
 Long or short term. SME's prefer short term.

WSCC MATURITY

Requires strong Framework management approach.
 Requires regular performance management.
 Ease of market access.
 Need to avoid "preferred" supplier.
 Forward programme not as critical.

MODEL OPTION

In-House with Top Up Frameworks

DESCRIPTION

In house delivery of reactive, routine, planned and cyclical activities using In-House labour force employed by the Council. The Council carries all the delivery risk and would manage all blue/white collar workers and be responsible for sector skill requirements and training. Reliant on Top-Up frameworks for specialist services – ie Surface Treatments and M&E.

APPRAISAL SUMMARY

Overall Rank in Options = 3rd
 Overall Appraisal Score = 3.46
 Closely aligns to Corporate and Service objectives.
 Can deliver short term savings.
 Initial Capital Set-up charges.

COMMERCIALS

Optimum Size	£ Unlimited
Maximum size	£ Unlimited
Typical Fee / OH	0% / 6% (WSCC)
Savings Potential	£ 1m p.a (scope)

PROCUREMENT OPTION

No Procurement required
 3-6 months demobilisation required from incumbent.
 TUPE transfer and constitution.

Top 4 KEY RISKS

1. Efficiency and Value
2. Delivery Liabilities
3. Workforce management
4. External Competition

OPPORTUNITIES

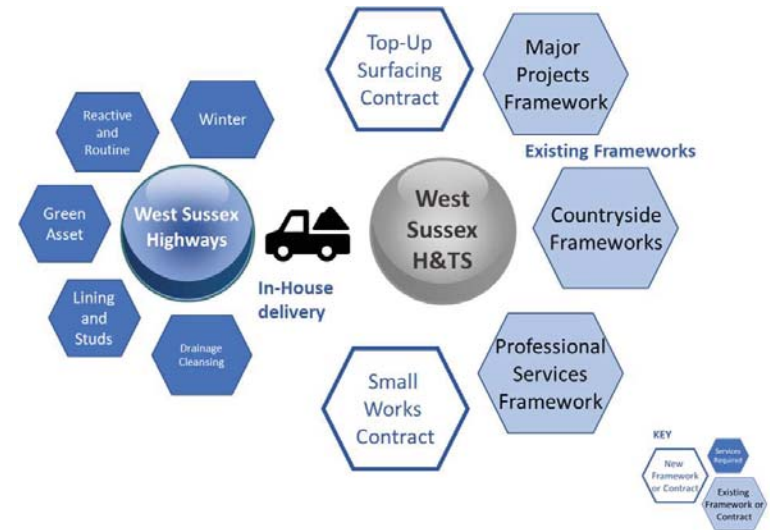
Protected from external market influence. Scope can be any service areas.
 Excellent upskilling and local employment opportunities.
 Builds in-house knowledge and resilience.
 Focus on communities and residents / pride in patch.
 Full control over budget setting and planning.
 Directly linked to Asset Management approach.
 Fits any future delivery model (Unitary / District led).

WEAKNESSES

Reliant on specialist top-up frameworks ie Surface Treatments, M&E.
 Full delivery risk and liabilities.
 Commercialisation neglected over time.
 Full liability on fleet and depots requirements.
 Private Sector innovation and Value Add lost.
 Difficult to attract workforce from private sector.
 No Works Management systems / ICT.
 In sourcing complexities for first few years.

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TYPICAL CONTRACT MODEL LAYOUT



MARKET INSIGHT

Least preferred option for T1
 T2 suppliers keen to deliver Top-Up
 Concern WSCC have no experience in delivery – reputational damage.
 Public Sector salaries not competitive enough.
 Isolates regional marketplace.

WSCC MATURITY

No experience of Blue-Collar work.
 Upskilling of existing management teams required.
 Dependant on suitable TUPE transfer.
 No Operating Systems in-place.
 Would align well to Asset Management approach.